

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
Jeffrey L. Clet
Larry D. Lisenbee

**SUBJECT: NEW FIRE STATION NO. 35
PROJECT**

DATE: 06-22-06

Approved



Date

6/23/06

COUNCIL DISTRICT: 2

REASON FOR SUPPLEMENTAL MEMO

To provide additional information after bids were opened.

RECOMMENDATION

- a. Report on bids and award of contract for the New Fire Station No. 35 Project to the low bidder, Farotte Construction, in the amount of \$4,785,619, and approval of a contingency in the amount of \$239,000.
- b. Adoption of the following 2005-2006 Appropriation Ordinance amendments in the Neighborhood Security Bond Fund (Fund 475):
 1. Increase the appropriation to the Fire Department for the Fire Station No. 35 Project by \$275,000.
 2. Decrease the Contingency Reserve by \$275,000.

CEQA: Exemption, File No. PP06-047.

OUTCOME

- a. Approval of this construction contract to Farotte Construction Company, Inc., will enable New Fire Station No. 35 Project to go forward. Approval of the five percent contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the Project.
- b. Approval of the 2005-2006 Appropriation Ordinance amendments in the Neighborhood Security Bond Fund (Fund 475) will provide sufficient funding to award the project.

BACKGROUND

In March 2002, San José voters passed the Neighborhood Security Bond Act that approved the issuance of \$159 million in General Obligation bonds to fund the construction of various public safety facilities. One of the projects funded under the Bond Act is the construction of a new two-company fire station in the south San José area. This new fire station will be built at 135 Poughkeepsie Road near Cottle Road (map attached), immediately adjacent to the Southside Community Center, and will improve fire service to the south San José community.

In addition to the base bid scope of work there are five Deductive Alternate bid items as follows:

- Deductive Alternate No. 1: Foundation work for the Public Art piece
- Deductive Alternate No. 2: Fire hose drying rack
- Deductive Alternate No. 3: Casework platform beds
- Deductive Alternate No. 4: Replace concrete paving with asphalt paving
- Deductive Alternate No. 5: Deduct work for an emergency generator and fuel storage

Construction is scheduled to begin in August 2006 with completion in summer 2007.

ANALYSIS

Bids were opened on June 6, 2006 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>			
John Plane Construction, Inc. (Brisbane)	\$5,656,000	\$505,000	10			
Gonsalves & Stronck Construction Company, Inc. (San Carlos)	5,399,777	248,777	5			
Hagensen Pacific Construction, Inc. (San José)	5,395,000	244,000	5			
Engineer's Estimate	5,151,000	--	--			
Kent Construction (Gilroy)	4,964,493	(186,507)	(4)			
Farotte Construction Company, Inc. (Gilroy)	4,785,619	(365,381)	(7)			
				<u>Deduct Alt.</u>	<u>Deduct Alt.</u>	<u>Deduct Alt.</u>
<u>Contractor</u>	<u>No. 1</u>	<u>No. 2</u>	<u>No. 3</u>	<u>No. 4</u>	<u>No. 5</u>	
John Plane Construction, Inc.	(\$6,000)	(\$14,000)	(\$17,500)	(\$40,000)	(\$328,000)	

Gonsalves & Stronck Construction Company, Inc.	(7,000)	(17,000)	(10,000)	(29,000)	(217,000)
Hagensen Pacific Construction, Inc.	(4,000)	(12,000)	(15,000)	(28,000)	(225,000)
Engineer's Estimate	(20,000)	(8,000)	(20,000)	(80,000)	(250,000)
Kent Construction	(3,025)	(12,900)	(16,500)	(79,068)	(235,840)
Farotte Construction Company, Inc.	(3,352)	(15,792)	(12,974)	(43,420)	(255,438)

The low bid submitted by Farotte Construction Company, Inc. is seven percent below the Engineer's Estimate. Staff considers the bid reasonable for the work involved in the project. Due to favorable pricing, staff also recommends that the base bid be awarded without any of the deductive alternates.

Council policy provides for a contingency of ten percent for new building construction. Staff however recommends a construction contingency of five percent to allow sufficient funds to be allocated toward the balance of the Safety Bond capital program. Should additional contingency funding be required during construction Staff will return to Council with a recommendation.

With the recommended construction bid, the total project cost is estimated at \$6.29 million. This figure is \$0.3 million above the estimate included in the 2005-2006 Adopted Budget (\$5.99 million) but \$0.36 million below the estimate included in the 2006-2007 Proposed Budget (\$6.65 million). This increase over the 2005-2006 Adopted Budget estimate is the result of cost escalation that has been experienced over the last 18 to 24 months that has far exceeded staff's expectations. To address cost escalation for this project, the 2006-2007 Proposed Budget allocates \$652,000 from the Public Safety Bond Contingency Reserve, with \$633,000 assumed in 2005-2006 and \$19,000 programmed in 2006-2007. However, based on actual bids, only \$294,000 of the \$652,000 from the Contingency Reserve will be needed to fully fund this project, resulting in savings of \$358,000 from the amounts included in the 2006-2007 Proposed Budget.

Staff recommends allocating \$353,000 of the \$358,000 in Contingency Reserve savings to the Fire Station 34 project that experienced a larger funding gap than originally anticipated. Between the Fire Station 34 and Fire Station 35 projects, the total use of the Contingency Reserve is still slightly below the amount anticipated when the 2006-2007 Proposed Budget was developed.

ALTERNATIVES

Not applicable.

PUBLIC OUTREACH

To solicit contractors, this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builder's exchanges.

COORDINATION

This project and memorandum have been coordinated with the City Attorney's Office, the Departments of Planning, Building and Code Enforcement and General Services.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$4,785,619

2. COST OF PROJECT:

Project Delivery	\$1,260,351
Construction	4,785,619
Contingency	239,000
TOTAL PROJECT COSTS	\$6,285,000
Prior Years Expenditures	586,967
REMAINING PROJECT COSTS	\$5,698,003

3. SOURCE OF FUNDING: 475 – Neighborhood Security Bond

4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The proposed operating and maintenance costs of this project have been reviewed and estimated to be \$2,200,000 annually.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. For Contract	2005-2006 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$5,698,003			
Current Funding Available							
475	4547	Fire Station 35 Cottle/ Poughkeepsie	122885	\$5,111,000	\$4,510,619	V-355	10/18/05 Ordinance No. 27580
475	7633	Contingency Reserve*	TBD	\$ 275,000*	\$275,000	V-395	6/06/06 Ordinance No. 27770
Total Current Funding Available				\$5,386,000	\$4,785,619		
2007-2011 CIP Funding				\$313,000			
Total Project Funding				\$5,699,000			

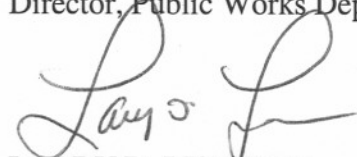
* \$275,000 of the \$7,844,500 Contingency Reserve would be allocated to this project. An additional \$19,000 from the Contingency Reserve has been budgeted in 2006-2007 as part of the Proposed Budget.

CEQA

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HONORABLE MAYOR AND CITY COUNCIL

06-22-06

Subject: New Fire Station No. 35 Project-Supplemental Memo

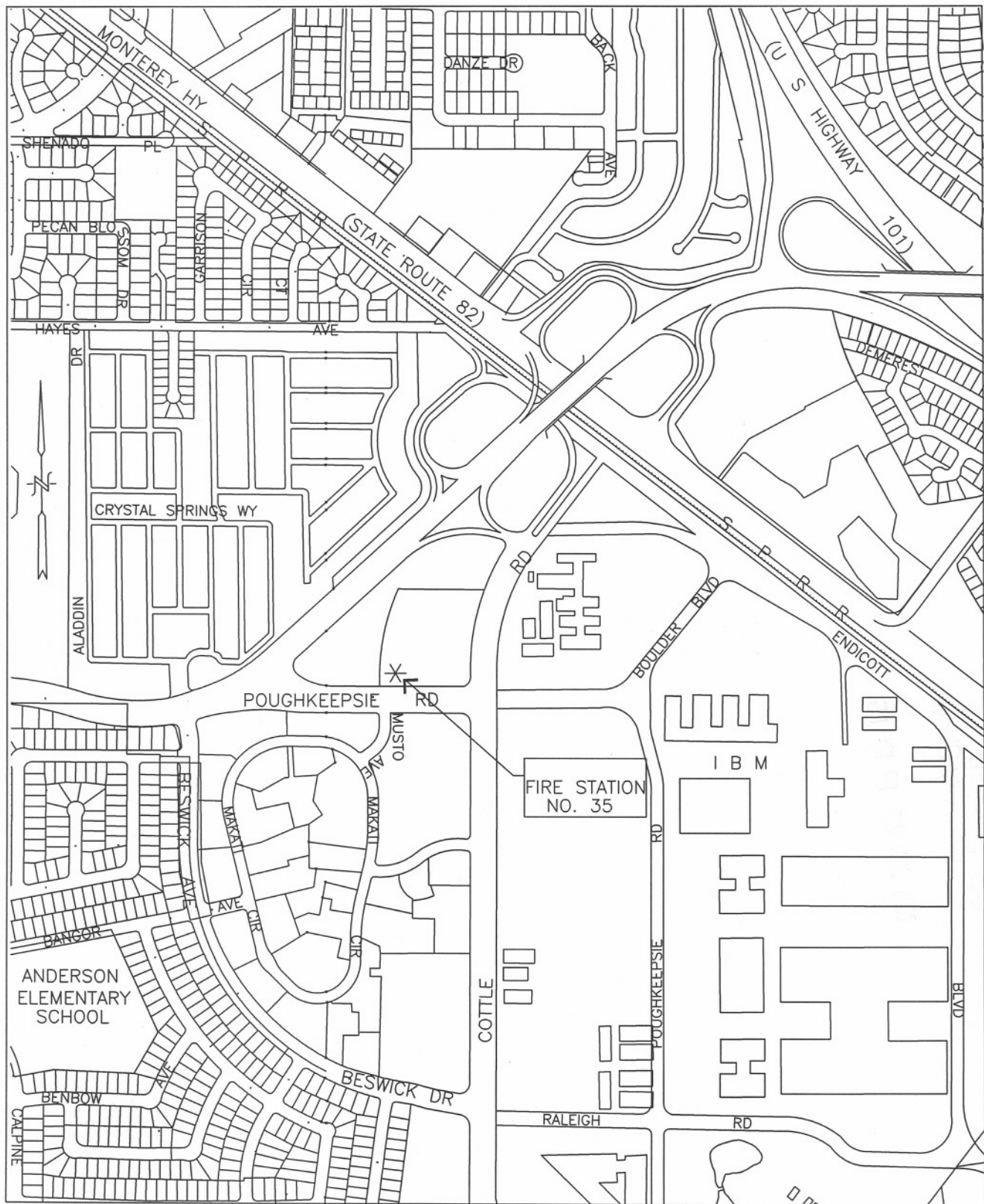
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For questions please contact DAVID SYKES, ASSISTANT DIRECTOR, PUBLIC WORKS
DEPARTMENT at (408) 535-8300.

KJ:fm:df

Attachments

Fire Station No. 35 supplemental



FIRE STATION NO. 35
VICINITY MAP
NO SCALE